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McGraw

March 15, 2012

Jim McDaniel, Program Manager
South Carolina Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, S.C. 29201

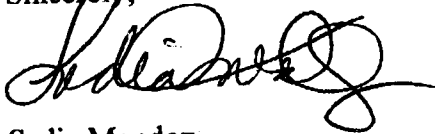
Mr. McDaniel:

This letter is in response to the non-compliance letter McGraw Communications, Inc. received regarding revised regulation 26 S.C. Code Ann. Regs. 103-607 (Supp. 2011).

McGraw Communications, Inc. does not provide residential local exchange service in the state of South Carolina.

If you require anything further, please contact me directly via telephone at 212-849-2267, or via email at smendez@mcgrawcom.net.

Sincerely,

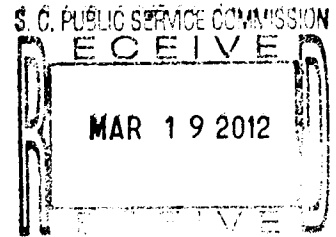


Sadia Mendez
Regulatory Compliance Manager

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March 15, 2012



NOTICE OF NON-COMPLIANCE

Subject: 26 S.C. Code Ann. Regs. 103-607 (Supp. 2011)
Telephone Utilities Providing Retail Residential Local Exchange Services

To: Telephone Utilities Operating in South Carolina

On August 8, 2011, the South Carolina Office of Regulatory Staff ("ORS") notified all telephone carriers holding Certificates of Public Convenience and Necessity to provide telecommunications in South Carolina that revised regulations had become effective on June 24, 2011. Revised regulation 26 S.C. Code Ann. Regs. 103-607 (Supp. 2011) requires all telephone utilities that provide retail residential local exchange service that have not invested at least five million dollars in telecommunications facilities in South Carolina to file a bond or other security mechanism with the Public Service Commission of South Carolina ("PSC").

The ORS records indicate your company is out of compliance with the PSC bond requirement. Companies were required to file a bond by no later than December 31, 2011. In order to maintain a compliant operating certificate, your company must:

- 1) Verify in writing that it does not provide residential local exchange service; or
- 2) Verify that the Company individually or together with its affiliates has invested at least five (5) million dollars in telecommunications facilities in South Carolina; or
- 3) File a bond or other security mechanism consistent with Regulation 103-607.

This information is due to ORS and the PSC by no later than **April 15, 2012**. Failure to comply with this PSC regulation will result in revocation of your operating certificate.

Please contact me if you have any questions related to the bond requirement.

Sincerely,
Jim McDaniel
Program Manager
South Carolina Office of Regulatory Staff
803-737-0812